

196226

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information
Services (South Carolina) LLC, d/b/a Time
Warner Cable to Amend its Certificate of Public
Convenience and Necessity to Provide
Telephone Services in the Service Area of
PBT Telecom, Inc. and for Alternative Regulation

PUBLIC VERSION

DIRECT TESTIMONY OF

WARREN R. FISCHER, C.P.A.

ON BEHALF OF

TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	PURPOSE OF TESTIMONY	2
III.	TWCIS' ENTRY WILL NOT ADVERSELY AFFECT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE	3
IV.	PBT IS IN A STRONG AND HEALTHY FINANCIAL POSITION SUFFICIENT TO SUCCEED IN A COMPETITIVE MARKET	6
	A. PBT'S 2007 FINANCIAL RESULTS.....	6
	B. PBT'S FINANCIAL PERFORMANCE (2003 – 2007)	10

EXHIBITS

Exhibit WRF-1:	Curriculum Vitae
Exhibit WRF-2:	PBT Telephone Company, Inc. Alternative Regulation Plan
Exhibit WRF-3:	Cited Portions of PBT's 2007 Telecommunications Company Annual Report
Exhibit WRF-4:	Cited Portions of PBT's 2003 Telecommunications Company Annual Report
Exhibit WRF-5:	Cited Portions of PBT's 2004 Telecommunications Company Annual Report
Exhibit WRF-6:	Cited Portions of PBT's 2005 Telecommunications Company Annual Report
Exhibit WRF-7:	Cited Portions of PBT's 2006 Telecommunications Company Annual Report
Exhibit WRF-8:	Cited Portions of AT&T South Carolina's 2007 Telecommunications Company Annual Report

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Warren R. Fischer. I currently serve as Chief Financial Officer for QSI Consulting, Inc. ("QSI"). My business address is 2500 Cherry Creek Drive South, Suite 319, Denver, Colorado 80209.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I have a Bachelor of Science degree in Business Administration with a concentration in Accounting from the University of Colorado in Boulder, Colorado. I am licensed as a Certified Public Accountant in the States of Colorado and California.

Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR PROFESSIONAL EXPERIENCE

A. After graduating from the University of Colorado, I worked for several years as an accountant with Deloitte & Touche conducting financial audits. Thereafter, I worked for two major corporations as a financial analyst. I joined AT&T Wireless Services in 1995 as a financial analyst where I managed the preparation of annual revenue forecasts for the company's cellular division. In 1996, I transferred to AT&T Corp. where I became a financial manager and a subject matter expert on pricing and costing issues involving local exchange and exchange access services. In 2000, I joined QSI as a Senior Consultant. In 2007, I became QSI's Chief Financial Officer.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS OR OTHER PUBLIC UTILITY COMMISSIONS?

1 A. While I have not testified before the Public Service Commission of South Carolina
2 ("Commission"), I have testified at the FCC and before 18 other state commissions
3 on rate of return issues as well as pro-competitive regulatory reform issues
4 concerning universal service, inter-carrier compensation, and appropriate cost-based
5 rates under the FCC's Total Element Long-Run Incremental Cost ("TELRIC")
6 methodology. A more detailed description of the cases wherein I have provided
7 testimony is included in my curriculum vitae as Exhibit WRF-1.

8 **Q. ON WHOSE BEHALF ARE YOU FILING THIS TESTIMONY?**

9 A. I am testifying on behalf of the Time Warner Cable Information Services (South
10 Carolina) LLC ("TWCIS").

11
12 **II. PURPOSE OF TESTIMONY**

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. The purpose of my testimony is to demonstrate that the availability of affordable
15 basic local exchange rates in PBT Telecom, Inc.'s ("PBT") service area is not at risk
16 and that PBT is financially strong enough to withstand competition from TWCIS.
17 While a local exchange carrier's ("LEC") financial health is not (and should not be)
18 an explicit consideration in the Commission's evaluation of TWCIS's application
19 under S.C. Code §58-9-280, I have nevertheless considered that issue in evaluating
20 whether TWCIS' provision of service (1) will not adversely impact the availability of
21 affordable local exchange service¹ and (2) provision of the service does not otherwise

¹ See S.C. Code §58-9-280(B)(3).

adversely impact the public interest.² The other factors stated in §58-9-280 that are relevant to the Commission's determination in this proceeding are addressed in detail by the testimonies of August Ankum, Ph.D. and Julie Laine.

My testimony will describe the restriction on PBT's ability to raise basic local exchange rates under the terms of the alternative regulation requirements of §58-9-576 and demonstrate that PBT is a financially strong company through analysis of its financial results over the period 2003 - 2007. Dr. Ankum discusses general economic policy issues associated with TWCIS' application as well as the numerous services offered by PBT that will allow it to continue operating as a strong company after competitive entry by TWCIS into its market.

III. TWCIS' ENTRY WILL NOT ADVERSELY AFFECT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE

Q. WHAT IS YOUR UNDERSTANDING OF THE ALTERNATIVE REGULATION PROVISIONS OF SOUTH CAROLINA CODE §58-9-576 THAT IMPACT AN RLEC'S RATES?

A. A rural local exchange carrier ("RLEC") such as PBT that elects to have the rates, terms, and conditions for its services determined pursuant to §58-9-576(B) is subject to the following terms and conditions on the rates it can charge for basic local exchange and all other services:

1. Residential flat-rated local exchange service and single-line business local exchange service rates in effect on the date of the LEC's election to be subject to

² See S.C. Code §58-9-280(B)(5).

1 alternative regulation are the maximum rates it can charge for those services
2 unless those rates are less than the statewide average local service rate, weighted
3 by the number of access lines. For small LECs whose prices are less than the
4 statewide average rate, the Commission may waive the cap on local service rates
5 until the LEC's residential flat-rated local exchange service rate equals the
6 statewide average local residential service rate, weighted by the number of access
7 lines, and the single-line business flat-rated local exchange service rate equals
8 two times the statewide average local residential service rate.³

9
10 2. LECs subject to the local exchange service rate cap may adjust rates for
11 residential flat-rate local exchange service and single-line business flat-rate local
12 exchange service annually pursuant to an inflation-based index.⁴

13
14 3. LECs have the flexibility to set rates for all other services at their discretion as
15 long as rates do not discriminate unreasonably between similarly situated
16 customers.⁵
17

18 **Q. HAS PBT ELECTED ALTERNATIVE REGULATION FOR ITS SERVICES?**

19 A. Yes. PBT filed its Alternative Regulation Plan on January 19, 2006, and the
20 Commission approved it on March 16, 2006.⁶

21 **Q. WAS PBT SUBJECT TO THE TWO-YEAR CAP ON RAISING LOCAL**
22 **SERVICE RATES BEYOND THE RATES IN EFFECT ON THE DATE OF**
23 **ITS ELECTION?**

24 A. Yes. In its Alternative Regulation Plan filing, PBT noted that its flat-rated local
25 service rates for residential and single-line business customers were priced at the
26 statewide average local service rates at the date of its election, January 19, 2006.⁷

³ See S.C. Code §58-9-576(B)(3).

⁴ See S.C. Code §58-9-576(B)(4).

⁵ See S.C. Code §58-9-576(B)(5).

⁶ See PBT's Alternative Regulation Plan filed in Docket No. 2006-34-C and attached as Exhibit WRF-2. PBT's Alternative Regulation Plan was approved in Order No. 2006-166.

⁷ See Application in Exhibit WRF-2, page 2.

1 **Q. COULD PBT INCREASE ITS FLAT-RATED LOCAL SERVICE RATES FOR**
2 **RESIDENTIAL AND SINGLE-LINE BUSINESS CUSTOMERS SINCE THE**
3 **TWO-YEAR PERIOD HAS EXPIRED?**

4 A. Yes. Since the two-year cap period expired January 18, 2008, PBT could raise its
5 rates if the inflation-based index has increased to permit a rate increase. However,
6 PBT will have to weigh the pros and cons of such an increase in light of the
7 competitive alternatives offered by other carriers. Rather than risk losing current
8 customers, the more rational response from a business perspective would be to reduce
9 prices on its local exchange services or offer its customers attractive bundles of
10 services to provide them an incentive to stay. PBT already offers its residential
11 customers packages of bundled services.⁸ These can be expanded to meet
12 competitive threats. Dr. Ankum discusses the various services offered by PBT which
13 include long distance, high speed Internet, wireless telephone, and video services at a
14 minimum as well as the home security services it is in the process of offering. As Dr.
15 Ankum's testimony explains in detail, bundled offers focus the customer's attention
16 on the convenience and cost savings of receiving multiple services from a single
17 provider and paying a single bill.

18 **Q. DO SUBSEQUENT POTENTIAL RATE INCREASES BY PBT HAVE ANY**
19 **RELEVANCE IN THIS CASE?**

20 A. No. PBT's local service rates are already at the statewide average rate which is
21 presumed to be an affordable rate based on the South Carolina General Assembly's

⁸ See residential local service product packages at PBT's website:
<http://www.pbtcomm.net/bundled.asp>.

1 enactment of the statute defining the parameters of the statewide average rate
2 calculation. Any decision by PBT to increase its rates will be independent of
3 TWCIS's entry into its market and will also be limited to the inflation-based index
4 stipulated by S.C. Code §58-9-576(B)(4).

5 **Q. BASED ON THE ALTERNATIVE REGULATION RULES DISCUSSED**
6 **ABOVE, WILL TWCIS' APPLICATION IN THIS CASE ADVERSELY**
7 **IMPACT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**
8 **SERVICE?**

9 A. No. To the contrary, TWCIS' entry into PBT's market will increase choices to
10 customers and thus *promote* the availability of affordable local exchange service.

11
12 **IV. PBT IS IN A STRONG AND HEALTHY FINANCIAL POSITION**
13 **SUFFICIENT TO SUCCEED IN A COMPETITIVE MARKET**

14 **A. PBT's 2007 Financial Results**

15 **Q. PLEASE DESCRIBE PBTS' CURRENT FINANCIAL POSITION.**

16 A. My review of PBT's 2007 Telecommunications Company Annual Report ("Annual
17 Report") filed with the Office of Regulatory Staff and the Commission finds that
18 PBT is a profitable company with over **END CONFIDENTIAL**

19 **END CONFIDENTIAL** in retained earnings along with a balance sheet that reflects a

20 ****BEGIN CONFIDENTIAL**** **END CONFIDENTIAL**** net

1 working capital position and ~~CONFIDENTIAL~~ **END**

2 ~~CONFIDENTIAL~~ long-term debt.⁹

3 **Q. WHAT IS THE SIGNIFICANCE OF PBT'S RETAINED EARNINGS**
4 **BALANCE?**

5 A. PBT's retained earnings balance reflects the accumulation of profits it has earned
6 over a number of years. PBT has earned profits in excess of \$2 million per year over
7 the last five years; in 2004, net income jumped to over \$5 million.¹⁰ Because of its
8 consistent profitability, PBT paid dividends of at least ~~BEGIN~~
9 ~~CONFIDENTIAL~~ **END CONFIDENTIAL** annually for the last five
10 years.¹¹ The above discussion and analysis reveal that PBT has enjoyed financial
11 success in recent years.

12 **Q. WHAT IS WORKING CAPITAL AND HOW IS A COMPANY'S WORKING**
13 **CAPITAL POSITION EVALUATED?**

14 A. Working capital is simply the difference between a company's current assets and its
15 current liabilities. Current assets are those that could be converted to cash in less
16 than a year while current liabilities are obligations that must be repaid within one
17 year. A company with a positive working capital position is one where current assets

⁹ See 2007 Annual Report, Balance Sheet. Cited portions of 2007 Annual Report are attached as Exhibit WRF-3.

¹⁰ See 2003 - 2006 Annual Reports, Operating Revenue and Expenses, (Cited portions of 2003 Annual Report are attached as Exhibit WRF-4. Cited portions of 2004 Annual Report are attached as Exhibit WRF-5. Cited portions of 2005 Annual Report are attached as Exhibit WRF-6. Cited portions of 2006 Annual Report are attached as Exhibit WRF-7).

¹¹ See 2003 - 2006 Annual Reports, Balance Sheet, (Cited portions of 2003 Annual Report are attached as Exhibit WRF-4. Cited portions of 2004 Annual Report are attached as Exhibit WRF-5. Cited portions of 2005 Annual Report are attached as Exhibit WRF-6. Cited portions of 2006 Annual Report are attached as Exhibit WRF-7).

1 exceed current liabilities. The strength of a company's working capital position is
2 typically measured as the ratio of current assets to current liabilities. A working
3 capital ratio that is greater than 1.0 indicates that a company has sufficient resources
4 to pay its short-term debts.

5 Q. WHAT WAS PBT'S WORKING CAPITAL POSITION AT THE END OF
6 2007?

7 A. PBT's 2007 Annual Report shows that it had the following current assets and current
8 liabilities resulting in a working capital ratio of ***BEGIN CONFIDENTIAL

9 END CONFIDENTIAL**¹²

10 ***BEGIN CONFIDENTIAL

11
12 END CONFIDENTIAL**

13 On the surface, PBT appears to have had ***BEGIN CONFIDENTIAL

14 END CONFIDENTIAL** resources to satisfy its short-term obligations at the end

15 of 2007. To see if this was an anomalous occurrence, I reviewed PBT's working
16 capital ratio for the years 2003, 2004 and 2005 and noted that it was ***BEGIN

17 CONFIDENTIAL _____ END CONFIDENTIAL** in 2004 and 2005.

18 PBT's 2006 balance sheet amounts are classified as confidential and were not
19 available at the time this testimony was filed. Apparently, PBT management was not
20 too concerned with its working capital position in each of the years where its ratio
21 was ***BEGIN CONFIDENTIAL _____ END CONFIDENTIAL**

¹² See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

1 because it declared dividends of \$6.9 million in 2004, \$3 million in 2005, and
2 ~~***BEGIN CONFIDENTIAL***~~ ~~END CONFIDENTIAL***~~ in 2007.

3 Q. WHAT DOES THE DEBT-TO-EQUITY RATIO MEASURE?

4 A. It measures the relative proportion of debt and equity used to finance a company's
5 assets. PBT's 2007 Annual Report shows that it has ~~***BEGIN CONFIDENTIAL~~
6 ~~END CONFIDENTIAL***~~ long-term debt and is capitalized ~~***BEGIN~~
7 ~~CONFIDENTIAL***~~ ~~END CONFIDENTIAL***~~ by stockholder's equity.¹³
8 Therefore, it has ~~***BEGIN CONFIDENTIAL***~~ ~~END CONFIDENTIAL***~~
9 Debt / Equity ratio at this time.

10 ~~***BEGIN CONFIDENTIAL~~

11
12 ~~END CONFIDENTIAL***~~

13 Since PBT does not have to commit ~~***BEGIN CONFIDENTIAL***~~ ~~END~~
14 ~~CONFIDENTIAL***~~ of its cash flow to service debt, it can use its cash to invest in
15 network infrastructure, product development, and other undertakings that will

¹³ See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

1 improve its service offerings and overall quality of service, making it a capable player
2 as competition develops in the market.
3

4 **B. PBT's Financial Performance (2003 – 2007)**

5 **Q. HOW WOULD YOU DESCRIBE PBTS' FINANCIAL PERFORMANCE**
6 **OVER THE LAST FIVE YEARS?**

7 A. Based upon my review of PBT's Annual Reports for the period 2003 – 2007, PBT
8 has experienced a decline in total access lines, net income, and Net Margin over the
9 five-year period. The following table illustrates the relatively strong performance
10 exhibited by PBT over the last five years in spite of declining net income.¹⁴

11 ****BEGIN COMMENT****

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¹⁴ See 2003 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-4. See 2004 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-5. See 2005 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-6. See 2006 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-7. See 2007 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-3.

END CONFIDENTIAL

In 2003, its total revenue was \$19.3 million and it had 16,944 total access lines. In 2007, PBT had \$18.8 million in revenue and 15,373 total access lines. Revenue decreased by only 3% despite total access lines declining by 9%. PBT earned \$3.8 million in net income in 2003 and \$2.2 million in 2007 resulting in a decline of 44% between the two time periods. However, PBT earned \$5.2 million in 2004 or almost two times its average net income over the other four years. Retained earnings decreased by **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** from 2003 to 2007, from **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** as management chose to distribute accumulated earnings despite PBT's declining net income. Total dividends over the five-year period are approximately \$23.6 million.

Q. WHAT IS NET MARGIN AND WHAT IS ITS SIGNIFICANCE?

A. Net Margin is a measure of profitability used by investors and financial analysts. Net Margin is calculated by dividing a firm's net profit by net sales. This ratio is used to measure a firm's performance over time. It can also be used to compare the firm's performance with other companies in the same industry.

Q. WHAT WAS PBT'S NET MARGIN OVER THE PERIOD 2003 – 2007?

Direct Testimony of Warren R. Fischer, C.P.A.
On Behalf of Time Warner Cable Information Services (South Carolina) LLC
Docket No. 2008-328-C

A. As noted in the table above, PBT's Net Margin ranged from a low of 11.5% in 2007 to a high of 26.8% in 2004. In comparison AT&T South Carolina's 2007 Net Margin was only 8.7%.¹⁵ Compared to the largest telecommunications carrier in South Carolina, PBT is a relatively more profitable company.

Q. HOW HAS PBT BENEFITED FROM UNIVERSAL SERVICE FUND SUPPORT?

A. PBT receives both state and federal universal service fund ("USF") support. The trend by year is reflected in the table below:¹⁶

	FEDERAL USF							
	STATE USF	HCL	ICLS	LSS	LTS	SMA	TOTAL FEDERAL USF	TOTAL STATE AND FEDERAL USF
PBT Telecom								
2003	\$ 708,391	\$ 2,552,978	\$ 401,500	\$ 149,610	\$ 370,380	\$ -	\$ 3,474,468	\$ 4,183,059
2004	\$ 978,165	\$ 2,250,432	\$ 1,446,660	\$ 362,653	\$ 449,490	\$ -	\$ 4,509,235	\$ 5,487,400
2005	\$1,540,828	\$ 2,663,193	\$ 1,982,113	\$ 217,920	\$ -	\$ -	\$ 4,863,226	\$ 6,404,052
2006	\$1,602,123	\$ 2,137,680	\$ 1,971,042	\$ 164,052	\$ -	\$ -	\$ 4,272,774	\$ 5,874,897
2007	\$1,536,904	\$ 2,213,217	\$ 2,318,796	\$ 204,468	\$ -	\$ -	\$ 4,736,481	\$ 6,273,385
Ratio 2007 to 2003	117%	-13%	478%	37%	-100%		36%	60%

In 2003, it received \$700,000 in state USF support and \$3.5 million in federal USF support for a total of \$4.2 million. State USF support has been increasing each year to \$1.5 million in 2007 resulting in a 117% increase in 2007 state USF receipts over

¹⁵ See 2007 Telecommunications Company Annual Report of BellSouth Telecommunications, Inc. DBA: AT&T South Carolina, Operating Revenue & Expenses. Net Income of \$89,258,446 divided by Total Operating Revenue of \$1,030,269,190 results in an 8.7% Net Margin. Cited portions of 2007 Annual Report are attached as Exhibit WRF-8.

¹⁶ South Carolina USF disbursements are from PBT's Response to TWCIS 1st Set of Interrogatories, No. 1-11. Federal USF disbursements are from Universal Service Administration Company data available at <http://www.usac.org/hc/tools/disbursements/>.

2003. Federal USF receipts have increased by 36% since 2003 to \$4.7 million. PBT's increasing USF support as a percentage of total revenue over the five-year period is shown in the table below which is a synthesis of the two previous tables:

	OPERATING REVENUE (COMBINED)		
	TOTAL	TOTAL STATE AND FEDERAL USF	% REVENUE FROM USF
PBT Telecom			
2003	\$ 19,341,698	\$ 4,183,059	22%
2004	\$ 19,293,501	\$ 5,487,400	28%
2005	\$ 19,258,960	\$ 6,404,052	33%
2006	\$ 19,598,769	\$ 5,874,897	30%
2007	\$ 18,754,074	\$ 6,273,385	33%
<i>Ratio 2007 to 2003</i>	<u>-3%</u>	<u>50%</u>	

In short, USF support is a significant and growing portion of PBT's revenue stream, and it will continue to provide a safety net to PBT in the face of competition.

Q. IF PBT LOSES ADDITIONAL LINES AND REVENUE DUE TO MARKET SHARE LOSS TO TWCIS, WILL IT RECEIVE EVEN MORE USF SUPPORT THAN IT DOES TODAY?

A. Yes. When an RLEC such as PBT loses access lines, its cost per loop increases since its relatively static network costs are divided over fewer lines. As an RLEC's cost per loop increases over the national average cost per line, it will receive additional federal USF support. Regarding the state USF, LECs can receive additional support in two different ways. First, it can file for rate reductions to services priced above cost and recover projected lost revenue from the state USF. This allows an RLEC to

1 adjust its prices to meet or beat the competition.¹⁷ Second, if an RLEC loses its
2 lower cost customers to competition, it can petition the Commission to approve a
3 new cost study reflecting its change in cost per line.¹⁸

4 **Q. GIVEN THE FINANCIAL STRENGTH OF PBT, WILL TWCIS' ENTRY**
5 **INTO PBT'S MARKET ADVERSLEY IMPACT THE AFFORDABILITY OF**
6 **LOCAL EXCHANGE SERVICE?**

7 A. No. To the contrary, TWCIS' entry in PBT's market will increase customer choice
8 and potentially lead to lower prices.

9 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10 A. Yes, it does.

¹⁷ See Docket No. 97-239-C, Order No. 2001-996, Exhibit A – Guidelines for South Carolina Universal Service Fund, § 9, page 7.

¹⁸ See S.C. Code § 58-9-280(E).

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
PBT Telecom, Inc. and for Alternative Regulation)

**DIRECT TESTIMONY OF
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

EXHIBIT WRF-1

Curriculum Vitae

Warren R. Fischer, C.P.A.

**Chief Financial Officer
QSI Consulting, Inc.**

2500 Cherry Creek Drive South
Suite 319
Denver, Colorado, 80209-3279
(303) 722-2684 voice
(303) 883-9014 mobile
(303) 733-3016 facsimile
WFischer@QSIconsulting.com

Biography

Mr. Fischer is a QSI partner and currently serves as Chief Financial Officer in QSI's Telecommunications Division. Mr. Fischer has over 13 years of experience in the telecommunications industry and joined QSI after five years of service within AT&T's Local Service & Access Management and Wireless Services divisions. During his telecommunications career, Mr. Fischer has focused his attention largely on TELRIC pricing, local market entry, Section 271 compliance, access and universal service reform issues, billing disputes, and damages assessment.

Mr. Fischer is an experienced and effective expert witness who has provided expert testimony in over 30 proceedings before 18 state utility commissions and other administrative agencies. Mr. Fischer is an active Certified Public Accountant who is licensed in the States of Colorado and California. Mr. Fischer's professional experience as a C.P.A. includes two years in public practice with Deloitte and Touche LLP and over 20 years of managing financial analysis, reporting and forecasting processes for various multi-national corporations.

Educational Background

Bachelor of Science, Business Administration (emphasis in Accounting)
University of Colorado at Boulder, Boulder, Colorado

1984



Professional Experience

QSI Consulting, Inc.
2000 - Current
Chief Financial Officer

AT&T Corp.
1997 - 2000
Financial Manager
1996 - 1997
Supervisor
Network Services Division

AT&T Wireless Services
1995 - 1996
Marketing Analyst / Planner
Cellular Division

E. & J. Gallo Winery
1994 - 1995
Senior Financial Analyst
1991 - 1994
Operations Accountant

Century 21 Real Estate Corporation
1987 - 1991
Financial Analyst

Deloitte & Touche LLP
1985 - 1987
Audit-in-Charge

Expert Testimony – Profile

The information below is Mr. Fischer's best effort to identify all proceedings wherein he has either provided pre-filed written testimony, an expert report or provided live testimony.

Before the Federal Communications Commission
File Nos. EB-01-MD-001 and EB-01-MD-002

In the matter of the formal complaints of AT&T corp. and Sprint Communications Company L.P., vs. Business Telecom, Inc.

On behalf of Business Telecom, Inc.
Affidavit

February 23, 2001

Before the Public Utilities Commission of the State of Colorado
Docket No. 99A-161T

In the matter of the application of U S WEST Communications, Inc., to reduce business basic exchange and long-distance revenues upon receipt of the Colorado high-cost support mechanism in accordance with Decision No. C 99-222

On behalf of AT&T Communications of the Mountain States, Inc.
Direct

August 6, 1999

Before the Public Utilities Commission of the State of Colorado
Docket No. 98A-068T

In the matter of the application of U S WEST Communications, Inc., to restructure and reduce switched access rates pursuant to the stipulation in Docket No. 97A-540T

On behalf of AT&T Communications of the Mountain States, Inc.
Amended Direct
Supplemental

May 17, 1999
June 9, 1999

In The United States District Court for The Middle District Of Florida, Jacksonville Division
Civil Action No. 3:07-CV-598-J-32MCR

James D. Hinson Electrical Contracting Co., Inc., Individually and On Behalf Of All Others Similarly Situated, Plaintiff, v. BellSouth Telecommunications, Inc., Defendant

On behalf of Plaintiff

Declaration

Expert Report

September 18, 2007

August 1, 2008

Before the Public Service Commission of Florida

Docket No. 041464-TP

Petition of Sprint-Florida, Inc. for Arbitration of an Interconnection Agreement with Florida Digital Network, Inc. Pursuant to Section 252 of the Telecommunications Act of 1996

On Behalf of Florida Digital Network, Inc. D/B/A FDN Communications

Direct

May 27, 2005

Before the Public Service Commission of Florida

Docket No. 990649B-TP

In re: investigation into pricing of unbundled network elements

On Behalf of AT&T Communications of the Southern States, Inc., MCImetro Access Transmission Services, LLC & MCI WorldCom Communications, Inc., and Florida Digital Network, Inc. (collectively called the "ALEC Coalition")

Rebuttal

January 30, 2002

Before the Illinois Commerce Commission

Docket No. 02-0864

Illinois Bell Telephone Company: Filing to increase unbundled loop and nonrecurring rates (tariffs filed December 24, 2002)

On Behalf of AT&T Communications of Illinois, Inc., WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, TDS Metrocom, LLC, Allegiance Telecom of Illinois, Inc., RCN Telecom Services of Illinois, LLC, Globalcom, Inc., Z-Tel Communications, Inc., XO Illinois, Inc., Forte Communications, Inc., and CIMCO Communications, Inc.

Direct

May 6, 2003

Rebuttal

January 20, 2004

Surrebuttal

February 20, 2004

Supplemental Surrebuttal

May 5, 2004

Before the Indiana Utility Regulatory Commission

Cause No. 42393

In the matter of the commission investigation and generic proceeding of rates and unbundled network elements and collocation for Indiana Bell Telephone Company, Incorporated d/b/a SBC Indiana pursuant to the Telecommunications Act of 1996 and related Indiana statutes

On behalf of AT&T Communications of Indiana, G.P. and TCG Indianapolis ("AT&T"), WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, and Z-Tel Communications, Inc.

Response

August 15, 2003

Before the Public Service Commission of Maryland

Case No. 8879

In the matter of the investigation into rates for unbundled network elements pursuant to the Telecommunications Act of 1996

On Behalf of the Staff of the Public Service Commission of Maryland

Rebuttal

September 5, 2001

Supplemental Rebuttal

October 4, 2001

Surrebuttal

October 15, 2001

Before the Massachusetts Department of Telecommunications and Energy

Docket DTE 06-61 *Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariff: M.D.T.E. No. 14, filed with the Department on June 16, 2006, to become effective July 16, 2006, by Verizon New England, Inc. d/b/a Verizon Massachusetts*

On Behalf of Broadview Networks, Inc.; DSCI Corporation; Eureka Telecom, Inc. d/b/a InfoHighway Communications; Metropolitan Telecommunications of Massachusetts, Inc., a/k/a MetTel; New Horizon Communications; and One Communications (collectively "CLEC Coalition")

Rebuttal Panel Testimony

September 12, 2006

Before the Massachusetts Department of Telecommunications and Energy

Docket DTE 01-20

Investigation by the department on its own motion into the appropriate pricing, based upon total element long-run incremental costs, for unbundled network elements and combinations of unbundled network elements, and the appropriate avoided cost discount for Verizon New England Inc., d/b/a Verizon Massachusetts' resale services

On Behalf of the CLEC Coalition

Rebuttal

July 17, 2001

Before the Michigan Public Service Commission

Case No. U-13531

In the matter, on the commission's own motion, to review the costs of telecommunications services provided by SBC Michigan

On behalf of AT&T Communications of Michigan, Inc., and TCG Detroit ("AT&T")

Initial

January 20, 2004

Final Reply

May 10, 2004

Before the Michigan Public Service Commission

Case No. U-11756

In the matter of the complaint of Michigan Pay Telephone Association et al. Against Ameritech Michigan and Verizon North Inc., f/k/a GTE North Incorporated

On behalf of Michigan Pay Telephone Association and the other payphone service provider Complainants

Direct

February 10, 2003

Before The Office Of Administrative Hearings For The Minnesota Public Utilities Commission

MPUC Docket No. P-421/AM-06-713, OAH Docket No. 3-2500-17511-2

In the matter of Qwest Corporation's Application for Commission Review of TELRIC Rates Pursuant to 47 U.S.C. § 251

On behalf of Integra Telecom of Minnesota, Inc.; McLeodUSA Telecommunications Services, Inc.; POPP.com, Inc.; DIECA Communications, Inc., d/b/a Covad Communications Company; TDS Metrocom; and XO Communications of Minnesota, Inc., ("The CLEC Coalition")

Direct

August 24, 2007

Before the Public Service Commission of the State of Montana

Docket No. D97.5.87

IN THE MATTER OF the Investigation into U S WEST Communications, Inc.'s Compliance with Section 271(c) of the Telecommunications Act of 1996

On behalf of AT&T Communications of the Mountain States

Direct

June 1998

Rebuttal

June 1998

Supplemental Rebuttal

November 1998

Before the Public Service Commission of the State of Montana**Docket No. D96.12.220***IN THE MATTER of the Application of U S WEST Communications, Inc. to Restructure its Prices for Regulated Telecommunications Service.*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

October 1997

Before the Nebraska Public Service Commission**Application No. C-1628***In the matter of the Nebraska Public Service Commission, on its own motion, seeking to conduct an investigation into intrastate access charge reform and intrastate universal service fund*

On behalf of AT&T Communications of the Midwest, Inc.

Direct

October 20, 1998

Before the Nebraska Public Service Commission**Application No. C-1830***In the Matter of US West Communications, Inc., filing its notice of intention to file Section 271(c) application with the FCC and request for Commission to verify US West compliance with Section 271(c)*

On behalf of AT&T Communications of the Midwest, Inc.

Direct and rebuttal

August 1998

Before the Nebraska Public Service Commission**Docket No. C-1519***In the matter of the emergency petition of MCI Telecommunications Corporation and AT&T Communications of the Midwest, Inc. to investigate compliance of Nebraska LECs with FCC payphone orders*

On behalf of AT&T Communications of the Midwest, Inc.

Direct

January 20, 1998

Before the New Mexico State Corporation Commission**Docket No. 96-310-TC and Docket No. 97-334-TC***In the matter of the consideration of the adoption of a rule concerning costing methodologies and In the matter of the implementation of new rules related to the rural, high-cost, and low-income components of the New Mexico universal service fund*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

July 8, 1998

Rebuttal

August 5, 1998

Before the New Mexico State Corporation Commission**Docket No. 97-106-TC***In The Matter Of Qwest Corporation's Section 271 Application And Motion For Alternative Procedure To Manage The Section 271 Process*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

July 1998

Rebuttal

July 1998

Reply

September 1998

Before the New Mexico State Corporation Commission**Docket No. 97-69-TC**

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

March 20, 1997

Before the North Carolina Utilities Commission**Docket No. P-100, Sub 133d, Phase I***In the matter of general proceeding to determine permanent pricing for unbundled network elements*

On Behalf of New Entrants

Direct

August 11, 2000

Before the Public Service Commission of the State of North Dakota**Case No. PU-05-451***Midcontinent Communications, a South Dakota Partnership, Complainant vs. North Dakota Telephone Company, Respondent*

On behalf of Midcontinent Communications

Direct

December 21, 2005

Rebuttal

January 16, 2006

Before the Public Service Commission of the State of North Dakota**Docket No. PU-314-97-465***In the matter of U S WEST Communications, Inc., universal service costs investigation*

On behalf of AT&T Communications of the Midwest, Inc.

Rebuttal

February 27, 1998

Before the Public Utilities Commission of Ohio**Case No. 02-1280-TP-UNC, Phase II***In the matter of the Review of SBC Ohio's TELRIC Costs for Unbundled Network Elements*

On behalf of MCIMetro Access Transmission Services, LLC, McLeodUSA Telecommunications Services, Inc., Covad Communications Company, NuVox Communications of Ohio, Inc., and XO Ohio, Inc.

Direct

August 8, 2005

Before the State of South Dakota Public Utilities Commission**Docket No. TC07-117***In The Matter of the Petition Of Midcontinent Communications For Approval Of Its Intrastate Switched Access Tariff And For An Exemption From Developing Company-Specific Cost-Based Switched Access Rates*

On behalf of Midcontinent Communications

Direct

July 15, 2008

Before the State Office of Administrative Hearings (Texas)**SOAH Docket No. 473-07-1365, PUC Docket No. 33545***Application of McLeodUSA Telecommunications Services, Inc. For Approval of Intrastate Switched Access Rates Pursuant To PURA Section 52.155 And PUC Subst. R. 26.223*

On behalf of McLeodUSA Telecommunications Services, Inc.

Rebuttal

May 24, 2007

Before the Public Service Commission of Wisconsin**Docket No. 6720-TI-187***Petition of SBC Wisconsin to determine rates and costs for unbundled network elements*

On behalf of AT&T Communications of Wisconsin, L.P. and TCG Milwaukee ("AT&T"), and MCI, Inc.

Rebuttal

June 15, 2004

Before the Wyoming Public Service Commission**Docket No. 70000-TA-98-442***In the matter of the second application of U S WEST Communications, Inc., for a finding that its interexchange telecommunications services are subject to competition*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

January 6, 1999

Before the Wyoming Public Service Commission**Docket No. 70000-TR-98-420**

In the matter of the application of U S WEST Communications, Inc., for authority to implement price ceiling in conjunction with its proposed Wyoming price regulation plan for essential and noncompetitive telecommunication services

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

September 9, 1998

Before the Wyoming Public Service Commission**General Order No. 81**

In the matter of the investigation by the Commission of the feasibility of developing its own costing model for use in determining federal universal service fund support obligations in Wyoming

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

November 1997

Amended Direct

January 23, 1998

Rebuttal

February 6, 1998

Before the Wyoming Public Service Commission**Docket No. 72000-TI-97-107 and Docket No. 70000 TI-97-352**

In the matter of the petition of AT&T for the Commission to initiate investigation of U S WEST Communications, Inc.'s compliance with Section 271 of the Telecommunications Act of 1996

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

1998

Before the Wyoming Public Service Commission**Docket No. 72000-TC-97-99**

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

May 15, 1997

Before the Wyoming Public Service Commission**Docket No. 70007-TR-95-15**

On behalf of AT&T Communications of the Mountain States, Inc.

Adopted Pre-filed Direct

October 1996

Selected Reports, Presentations and Publications

QSI Final Report to the Hawaii Public Utilities Commission "Analysis and Recommendations Related to Docket No. 04-0140 *Merger Application Of Paradise Mergersub, Inc. (n/k/a Hawaiian telecom Mergersub, Inc.), Verizon Hawaii, Inc. and Related Companies*" February 7, 2005

QSI Technical Report No. 012605A "IP-Enabled Voice Services: Impact of Applying Switched Access Charges to IP-PSTN Voice Services"

Ex Parte filing in FCC dockets WC Dockets No. 04-36 (In the Matter of IP-Enabled Services), 03-266 (In the Matter of Level 3 Communications LLC Petition for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of 47 U.S.C. § 251(g), Rule 51.701(b)(1), and Rule 69.5(b); IP Enabled Services)
Washington DC, January 27, 2005

QSI Report to the Wyoming Legislature "The Wyoming Universal Service Fund. *An Evaluation of the Basis and Qualifications for Funding*" December 3, 2004

QSI Management Audit Reports to the Wyoming Public Service Commission on the Wyoming Universal Service Fund:

1. For the period October 28, 1999 through December 31, 2001 (issued May 15, 2002)
2. For the period January 1, 2002 through December 31, 2004 (issued January 31, 2006)

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
PBT Telecom, Inc. and for Alternative Regulation)

**DIRECT TESTIMONY OF
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-2
PBT Telecom, Inc. Alternative Regulation Plan**

MCNAIR LAW FIRM, P.A.
ATTORNEYS AND COUNSELORS AT LAW

www.mcnairlaw.com

BANK OF AMERICA TOWER
1301 GERVAIS STREET, 17TH FLOOR
COLUMBIA, SOUTH CAROLINA 29201

January 19, 2006

177519

POST OFFICE BOX 11380
COLUMBIA, SOUTH CAROLINA 29211
TELEPHONE (803) 798-9800
FACSIMILE (803) 376-2277

2006-34C

Mr. Charles L. A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
Synergy Business Park, The Saluda Building
101 Executive Center Drive
Columbia, South Carolina 29210

Re: PBT Telecom, Inc. Alternative Regulation Plan Pursuant to S.C. Code Ann. § 58-9-576

Dear Mr. Terreni:

Enclosed for filing on behalf of PBT Telecom, Inc. ("PBT"), please find an original and ten (10) copies of an Alternative Regulation Plan.

On January 18, 2006, the Commission approved a local interconnection agreement between PBT and MCImetro Access Transmission Services, LLC ("MCI"). Pursuant to S.C. Code Ann. § 58-9-576(A), any LEC may elect the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B) if the Commission has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. As the Commission is aware, MCI and PBT are not affiliated.

Therefore, having met the statutory requirement for election of alternative regulation, PBT hereby elects to have its rates, terms and conditions determined pursuant to the plan described in S.C. Code Ann. § 58-9-576(B), as set forth in the attached Alternative Regulation Plan, effective February 18, 2006.

Please clock in a copy of this filing and return it with our courier.

Thank you for your assistance.

Very truly yours,

Margaret M. Fox
Margaret M. Fox

Enclosures

cc: C. Dukes Scott, Esquire
L. B. Spearman

**PBT TELECOM, INC.
ALTERNATIVE REGULATION PLAN
PURSUANT TO S.C. CODE ANN. § 58-9-576**

Filed January 19, 2006
Effective February 18, 2006

1. Introduction

Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Public Service Commission of South Carolina ("Commission") has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. The Commission has approved such an agreement for PBT Telecom, Inc. ("PBT"), and PBT hereby elects to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described herein (the "Plan"), which conforms with the plan described in S.C. Code Ann. § 58-9-576(B).

In its regular agenda session on January 18, 2006, the Commission approved an interconnection agreement between PBT and MCImetro Access Transmission Services, LLC ("MCI"). MCI is not affiliated with PBT.

The Plan described herein is in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation.

2. Effective Date

The effective date of the Plan is February 18, 2006, which is not sooner than thirty days after filing with the Commission notice of election of the Plan. The Plan will apply to all local services offered by PBT that are regulated by the Commission.

3. The Plan

- a. As of January 19, 2006, the date of notice of election of the Plan, existing rates, terms, and conditions for the services provided by PBT contained in PBT's then-existing tariffs and contracts are considered just and reasonable.
- b. PBT is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3). S.C. Code Ann. § 58-9-10(14) defines "small LEC" to mean a "rural telephone company" as defined in the federal Telecommunications Act of 1996.
- c. Although PBT is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3), PBT's flat-rated local exchange services for residential and single-line business customers are currently priced at the statewide average local service rates for those services, weighted

by number of access lines, as shown in PBT's local service tariff on file with the Commission. Therefore, the requirements of S.C. Code Ann. § 58-9-576(B)(3) and (4) are not waived for PBT, and PBT's residential and single-line business rates shall be frozen for a period of two years from the date of election of this Alternative Regulation Plan and, after the expiration of the two-year period, may be adjusted on an annual basis pursuant to an inflation-based index.

- d. PBT will set rates for all other services on a basis that does not unreasonably discriminate between similarly situated customers. All such rates are subject to a complaint process for abuse of market position in accordance with Commission rules and procedures.
- e. Except when exempted by law, PBT will file tariffs for price changes or new services with respect to its local exchange services (including residential and single-line business services) that set out the terms and conditions of the services and the rates for such services. Tariffs will be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases and new services.
- f. As provided for in S.C. Code Ann. § 58-9-576(B), the Plan applies in lieu of rate of return or rate base regulation. Thus, the procedures set forth above for changes in rates are to be used in lieu of traditional rate-of-return procedures for determining rates, terms, and conditions for service, as found in S.C. Code Ann. §§ 58-9-510 through -570 and in 26 Code Ann. Regs. 103-834(A)(3).

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
PBT Telecom, Inc. and for Alternative Regulation)

Fisher Testimony Exhibit WRF-3

PBT TELECOM, INC.'S
2007 TELECOMMUNICATIONS COMPANY ANNUAL REPORT
INCLUDING CONFIDENTIAL SCHEDULES

CONFIDENTIAL & PROPRIETARY

FILED UNDER SEAL

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
PBT Telecom, Inc. and for Alternative Regulation)

**DIRECT TESTIMONY OF
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-4
Cited Portions of PBT's 2003 Telecommunications Company Annual Report**

pscsc 2/2001

ANNUAL REPORT

Name: PBT Telecom, Inc.

Address: 1660 Juniper Springs Road, Gilbert, SC 29054

Telephone Number: 803-894-3121

TELEPHONE UTILITY

TO

PUBLIC SERVICE COMMISSION OF SC

FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2003

Due on April 1st

For Fiscal Year Ending other than December 31, Report is due within 3 months after

Fiscal Year Ending..

May use additional blank pages if needed

All entries should be in ink or typewriter

Schedule #2-Operating Revenue & Expenses

Year Ending December 31, 2003

Operating Revenues:		Combined	Intrastate Gross Receipts
Local Network Services Revenue	5001-5069	7,004,114.15	7,004,114.15
Network Access Service Revenues	5080	11,846,247.24	4,572,638.40
Long Distance Revenues	5100-5169		
Miscellaneous Revenues	5230-5270	512,260.15	474,252.55
Uncollectible Revenues	5301-5302	(20,923.30)	(20,923.30)
Total Revenues		19,341,698.24	12,030,081.80
Operating Expenses:			
Plant Specific Expenses	6112-6410	4,129,912.64	
Plant Nonspecific Expenses	6560	5,305,736.81	
Customer Operations Expenses	6620	1,648,713.72	
Corporate Operations Expenses	6711-6790	2,073,522.43	
Operating Taxes other than Income	7240	490,544.78	
Operating Investment Tax Credits-Net	7210	(108,056.00)	
Operating Taxes-Income-Current-Federal	7220	2,279,927.50	
Operating Taxes-Income-Current-State	7230	369,657.46	
Operating Taxes-Deferred Income-Net	7250	(476,252.00)	
Total Operations Expenses		15,713,707.34	
Net Income from Operations		3,627,990.90	
Interest Income	7320	174,365.71	
Nonoperating Income and Expenses	7310-7450	198,988.75	
Fixed Charges-(Other Than Interest on Debt)			
Interest Expense on Funded Debt	7510	167,453.69	
Non-regulated Net Income	7610-7991		
Net Income		3,833,891.67	

Schedule #3-Balance Sheet
Company: PBT Telecom, Inc.
Date of Balance Sheet: December 31, 2003

Assets:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	Telecommunications Plant	
53,304,534.98	Telephone Plant in Service	58,277,972.63
	Property Held for Future Use	
2,819,175.17	Telecommunications Plant under Construction	1,020,553.82
497,467.44	Telecommunications Plant Adjustment	447,720.44
	Non-Operating Plant	
760,731.36	Goodwill	835,678.36
57,381,908.95	Total Plant	60,581,925.25
37,996,483.35	Depreciation Reserve-Plant	41,875,113.55
	Depreciation Reserve-Other	
37,996,483.35	Total Depreciation Reserve	41,875,113.55
19,385,425.80	Net Telecommunications Plant	18,706,811.70
	Non-Current Assets	
	Investments in Affiliated Companies	
2,364,468.41	Investment in Non-Affiliated Companies	3,952,425.22
	Non-Regulated Investments	
18,695.73	Other Non-Current Assets	13,874.05
2,383,164.14	Total Non-Current Assets	3,966,299.27
	Current Assets	
4,289,559.83	Cash	3,510,442.61
	Temporary Investments	
861,342.10	Telecommunications Accounts Receivables	802,842.09
(2,603.54)	Allowance for Bad Debts	

Schedule #3-Balance Sheet-Continued

Assets-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<u>Current Assets-Continued</u>	
1,277,914.76	Interest, Dividends & Other Accounts Receivable	825,836.12
693,312.23	Notes Receivable-Net	-
526,807.23	Materials & Supplies Inventory	654,783.26
1,140,961.48	Other Current Assets	1,279,714.48
8,787,293.89	Total Current Assets	7,073,618.56
	<u>Prepaid Accounts & Deferred Charges</u>	
232,381.05	Prepays	232,901.32
	Deferred Charges	
232,381.05	Total Prepaid Accounts & Deferred Charges	232,901.32
30,788,284.68	Total Assets	29,979,630.85
	<u>Stockholders Equity</u>	
3,600,000.00	Capital Stock	3,600,000.00
399,000.00	Additional Paid in Capital	399,000.00
	Treasury Stock	
	Other Capital	
16,507,612.11	Retained Earnings	17,855,987.54
20,506,612.11	Total Stockholders Equity	21,855,987.54
	<u>Long Term Debt</u>	
2,744,662.61	Funded Debt	1,865,410.46
	Reacquired Debt	
	Obligations Under Capital Leases	
	Advances from Affiliated Companies	
	Other Long Term Debt	

Schedule #3-Balance Sheet-Continued

Equity and Liabilities-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
2,744,662.61	Total Long Term Debt	1,865,410.46
	Current and Accrued Liabilities	
2,327,972.04	Accounts Payable	506,992.40
	Notes Payable	
342,833.31	Advance Billings and Payments	220,594.35
286,650.45	Customer Deposits	286,033.16
641,569.00	Current Maturities-Long Term Debt	679,253.00
	Current Maturities-Capital Leases	
35,830.75	Income Taxes Accrued	35,830.75
463,273.62	Other Accrued Taxes	434,815.92
4,118,447.63	Other Accrued Liabilities	4,584,596.51
	Other Current Liabilities	
8,216,576.80	Total Current and Accrued Liabilities	6,760,116.09
	Other Liabilities and Deferred Credits	
	Other Long Term Liabilities	
	Premium on Long Term Debt	
787,154.46	Unamortized Operating Investment Tax Credits-Net	935,519.46
	Unamortized Nonoperating Investment Tax Credits-Net	
323,470.07	Other Deferred Credits	977,425.67
	Net Current Deferred Operating Income Taxes	
	Net Current Deferred Nonoperating Income Taxes	
(1,790,211.37)	Net Noncurrent Deferred Operating Income Taxes	(2,414,828.37)
	Net Noncurrent Deferred Nonoperating Income Taxes	
	Other Jurisdictional Liabilities and Deferred Credits	

Schedule #3-Balance Sheet-Continued

Equity and Liabilities-Continued:

Balance at Beginning of Year	Description	Balance at Close of Year
(679,586.84)	Total Other Liabilities and Deferred Credits	(501,883.24)
10,281,652.57	Total Liabilities and Other Credits	8,123,843.31
30,788,264.68	Total Stockholders Equity and Liabilities	29,979,630.85

Schedule #4-Retained Earnings

Description	Debits	Credits
Retained Earnings Account		
Retained Earnings-Beginning of Year		16,507,612.11
Miscellaneous Debits to Retained Earnings	237,452.60	
Miscellaneous Credits to Retained Earnings		2,874,654.96
Net Income or Loss From Operations		3,833,891.67
Retained Earnings-End of Year		
Appropriated Retained Earnings:		
Dividends Declared	6,793,036.60	
Other; Unrealized Gains on Marketable Sec		1,671,318.00
Unappropriated Retained Earnings:		
Jurisdictional Retained Earnings		
Other		
Retained Earnings-Total End of Year		17,856,987.54

Business

Total Number of Customers

[illegible]

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
PBT Telecom, Inc. and for Alternative Regulation)

**DIRECT TESTIMONY OF
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-5
Cited Portions of PBT's 2004 Telecommunications Company Annual Report**

RECEIVED

MAY 16 2005

**PUBLIC SERVICE COMMISSION
AND OFFICE OF REGULATORY STAFF**

**ORS
T,T,W,W/W**

ANNUAL REPORT

(Complete and Return with Annual Report)

☒ For Calendar Year Ending 12/31/2004

☐ For Fiscal Year Ending _____

IDENTIFICATION (legal title)

PSC/ORS No. _____	(leave blank)	Federal ID No. _____
Check/Date: <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <u>1903</u>		
Name of Company: <u>PBT Telecom, Inc.</u>		
Doing Business As: <u>PBT Telecom, Inc.</u>		
Street Address: <u>1660 Juniper Springs Road</u>		
City <u>Gilbert</u>	State <u>SC</u>	Zip Code <u>29054</u>
Telephone No. (Include Area code) (<u>803</u>) <u>894-3121</u>		

TYPE BUSINESS (CHECK ALL THAT APPLY)

<input type="checkbox"/> CLEC	<input type="checkbox"/> ELECTRIC	<input type="checkbox"/> WATER	<input type="checkbox"/> TAXI
<input checked="" type="checkbox"/> ILEC	<input type="checkbox"/> GAS	<input type="checkbox"/> WATER/SEWER	<input type="checkbox"/> LIMOUSINE
<input type="checkbox"/> IXC	<input type="checkbox"/> RAILROAD	<input type="checkbox"/> SEWERAGE	<input type="checkbox"/> SHUTTLE
<input type="checkbox"/> HOUSEHOLD GOODS	<input type="checkbox"/> HAZARDOUS WASTE		

CONTACT (for purpose of this report)

Contact Name: <u>D. Glenn Martin</u>	
Title: <u>Sr. Vice President</u>	Telephone: (<u>803</u>) <u>894-1101</u>
Email Address: <u>gmartin@pbttel.net</u>	Fax No. <u>803-894-6055</u>

Schedule #2-Operating Revenue & Expenses

Year Ending December 31, 2004

Operating Revenues:		Combined	Intrastate Gross Receipts
Local Network Services Revenue	5001-5069	6,722,728.46	6,722,728.46
Network Access Service Revenues	5080	11,183,851.24	4,125,230.97
Long Distance Revenues	5100-5169		
Miscellaneous Revenues	5230-5270	429,831.80	396,088.60
Uncollectible Revenues	5301-5302	(42,910.21)	(42,910.21)
Total Revenues		18,293,501.29	11,201,137.82
Operating Expenses:			
Plant Specific Expenses	6112-6410	4,382,260.87	
Plant Nonspecific Expenses	6560	5,746,054.32	
Customer Operations Expenses	6620	1,580,741.34	
Corporate Operations Expenses	6711-6790	1,720,298.53	
Operating Taxes other than Income	7240	539,832.30	
Operating Investment Tax Credits-Net	7210		
Operating Taxes-Income-Current-Federal	7220	1,735,776.00	
Operating Taxes-Income-Current-State	7230	175,000.00	
Operating Taxes-Deferred Income-Net	7250		
Total Operations Expenses		15,879,963.36	
Net Income from Operations		2,413,537.93	
Interest Income	7320	56,847.27	
Nonoperating Income and Expenses	7310-7450	2,873,540.62	
Fixed Charges-(Other Than Interest on Debt)			
Interest Expense on Funded Debt	7510	178,685.85	
Non-regulated Net Income	7610-7991		
Net Income		5,165,239.97	

Schedule #3-Balance Sheet
Company: PBT Telecom, Inc.
Date of Balance Sheet: December 31, 2004

Assets:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	Telecommunications Plant	
58,277,972.63	Telephone Plant in Service	62,749,638.33
	Property Held for Future Use	
1,020,553.82	Telecommunications Plant under Construction	189,631.32
447,720.44	Telecommunications Plant Adjustment	397,973.47
	Non-Operating Plant	
835,678.36	Goodwill	835,678.36
60,581,925.25	Total Plant	64,172,921.48
41,875,113.55	Depreciation Reserve-Plant	45,606,559.83
	Depreciation Reserve-Other	
41,875,113.55	Total Depreciation Reserve	45,606,559.83
18,706,811.70	Net Telecommunications Plant	18,566,361.65
	Non-Current Assets	
	Investments in Affiliated Companies	
3,952,425.22	Investment in Non-Affiliated Companies	189,469.00
	Non-Regulated Investments	
13,874.06	Other Non-Current Assets	
3,966,299.27	Total Non-Current Assets	189,469.00
	Current Assets	
3,510,442.61	Cash	755,262.33
	Temporary Investments	
802,842.09	Telecommunications Accounts Receivables	376,673.25
	Allowance for Bad Debts	

Schedule #3-Balance Sheet-Continued

Assets-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	Current Assets-Continued	
825,836.12	Interest, Dividends & Other Accounts Receivable	1,281,109.51
	Notes Receivable-Net	
654,783.26	Materials & Supplies Inventory	717,498.81
1,279,714.48	Other Current Assets	8,000.00
7,073,618.56	Total Current Assets	3,138,643.90
	Prepaid Accounts & Deferred Charges	
232,901.32	Prepays	273,827.28
	Deferred Charges	
232,901.32	Total Prepaid Accounts & Deferred Charges	273,827.28
29,979,630.85	Total Assets	22,168,201.91
	Stockholders Equity	
3,600,000.00	Capital Stock	3,600,000.00
399,000.00	Additional Paid in Capital	999,000.00
	Treasury Stock	
	Other Capital	
17,856,987.54	Retained Earnings	13,193,462.36
21,856,987.54	Total Stockholders Equity	17,792,462.36
	Long Term Debt	
1,865,410.46	Funded Debt	
	Reacquired Debt	
	Obligations Under Capital Leases	
	Advances from Affiliated Companies	
	Other Long Term Debt	

Schedule #3-Balance Sheet-Continued

Equity and Liabilities-Continued:

Balance at Beginning of Year	Description	Balance at Close of Year
1,865,410.46	Total Long Term Debt	
	Current and Accrued Liabilities	
506,982.40	Accounts Payable	622,717.13
	Notes Payable - Affiliated	1,500,000.00
220,584.35	Advance Billings and Payments	218,706.48
298,033.18	Customer Deposits	280,350.00
679,253.00	Current Maturities-Long Term Debt	
	Current Maturities-Capital Leases	
35,830.75	Income Taxes Accrued	(113,000.00)
434,815.92	Other Accrued Taxes	483,058.35
4,584,596.51	Other Accrued Liabilities	1,047,294.14
	Other Current Liabilities	
6,760,116.09	Total Current and Accrued Liabilities	4,039,126.10
	Other Liabilities and Deferred Credits	
	Other Long Term Liabilities	
	Premium on Long Term Debt	
935,519.48	Unamortized Operating Investment Tax Credits-Net	
	Unamortized Nonoperating Investment Tax Credits-Net	
977,425.67	Other Deferred Credits	360,813.35
	Net Current Deferred Operating Income Taxes	
	Net Current Deferred Nonoperating Income Taxes	
(2,414,828.37)	Net Noncurrent Deferred Operating Income Taxes	(24,000.00)
	Net Noncurrent Deferred Nonoperating Income Taxes	
	Other Jurisdictional Liabilities and Deferred Credits	

Schedule #3-Balance Sheet-Continued

Equity and Liabilities-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
(501,883.24)	Total Other Liabilities and Deferred Credits	336,813.35
8,123,643.31	Total Liabilities and Other Credits	4,375,739.45
29,979,630.85	Total Stockholders Equity and Liabilities	22,168,201.81

Schedule #4-Retained Earnings

Description	Debits	Credits
Retained Earnings Account		
Retained Earnings-Beginning of Year		17,856,987.54
Miscellaneous Debits to Retained Earnings		
Miscellaneous Credits to Retained Earnings		
Net Income or Loss		5,165,239.97
Retained Earnings-End of Year		
Appropriated Retained Earnings:		
Dividends Declared	6,902,326.37	
Other; Realized Gains on Marketable Sec	2,926,438.78	
Unappropriated Retained Earnings:		
Jurisdictional Retained Earnings		
Other		
Retained Earnings-Total End of Year		13,193,462.36

Exchange
Central Office
Business

Two-Party Basic

Four-Party Basic

Measured Service

Message

Public Coin

Public Coincides

Cocot

PBV

Centrex

FX

Feature Group A

Other LXC Access

Total All Other**Total Business**Residence

One-Party Basic

Two-Party Basic

Four-Party Basic

Measured Service**Total All Other****Total Residence****Total Access Lines****Total Number of Customers**[illegible]

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
PBT Telecom, Inc. and for Alternative Regulation)

**DIRECT TESTIMONY OF
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

EXHIBIT WRF-6

Cited Portions of PBT's 2005 Telecommunications Company Annual Report

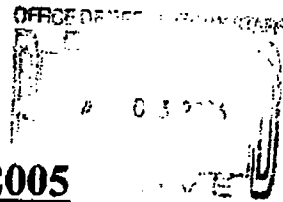
TELECOMMUNICATIONS COMPANY ANNUAL REPORT

OF

PBT Telecom, Inc.

Exact Legal Name of Respondent

PSC/ORS Number (leave blank)



FOR THE YEAR ENDED 2005

☒ Calendar Year Ending December 31, 2005

or

☐ Fiscal Year Ending _____



LOCAL EXCHANGE CARRIER ANNUAL REPORT
Schedule #1-Operating Revenue & Expenses

Year Ending December 31, 2005

Operating Revenues:	Uniform System of Accounts	GA Accounts	Combined	Intrastate
Local Network Service Revenues	5001-5089		6,461,736.25	6,461,736.25
Network Access Service Revenues	5090		12,513,604.41	5,516,552.81
Long Distance Revenues	5100-5169			
Miscellaneous Revenues	5230-5270		330,888.27	298,087.94
Uncollectible Revenues	5301-5302		(47,267.95)	(47,267.95)
Total Revenues:			19,258,960.98	12,229,108.85
Operating Expenses:				
Plant Specific Expenses	6112-6410		4,724,007.16	
Plant Nonspecific Expenses	6560		6,041,784.58	
Customer Operations Expenses	6620		1,982,686.95	
Corporate Operations Expenses	6711-6790		2,249,209.94	
Operating Taxes other than Income	7240		482,037.68	
Operating Investment Tax Credits-Net	7210			
Operating Taxes-Income-Current-Federal	7220		1,299,000.00	
Operating Taxes-Income-Current-State	7230		196,000.00	
Operating Taxes-Deferred Income-Net	7250			
Total Operations Expenses			16,974,726.31	
Net Income from Operations			2,284,234.67	
Interest Income	7320		76,044.83	
Nonoperating Income and Expenses	7310-7450		(1,074.53)	
Fixed Charges-(Other Than Interest on Debt)				
Interest Expense on Funded Debt	7510			
Non-regulated Net Income	7610-7991			
Extraordinary Items			57,198.00	
Net Income			2,416,482.97	

LOCAL EXCHANGE CARRIER ANNUAL REPORT
Schedule #2- Balance Sheet

Date of Balance Sheet: December 31, 2005

Description	GA Accounts	Balance at Close of Year
Current Assets		
Cash		1,797,119.38
Temporary Investments		
Telecommunications Accounts Receivables		395,078.39
Allowance for Bad Debts		(50,000.00)
Interest, Dividends & Other Accounts Receivable		1,198,913.02
Notes Receivable-Net		
Materials & Supplies Inventory		486,136.60
Other Current Assets		112,000.00
Total Current Assets		3,947,245.39
Prepaid Accounts & Deferred Charges		
Prepays		105,522.32
Deferred Charges		
Total Prepaid Accounts & Deferred Charges		105,522.32
Non-Current Assets		
Investments in Affiliated Companies		
Investment in Non-Affiliated Companies		189,469.00
Non-Regulated Investments		
Other Non-Current Assets		48,436.66
Total Non-Current Assets		237,925.66
Telecommunications Plant		
Telephone Plant in Service		65,085,094.51
Property Held for Future Use		
Telecommunications Plant under Construction		1,121,698.69
Telecommunications Plant Adjustment		346,226.51

Schedule #2- Balance Sheet-Continued

Description	GA Accounts	Balance at Close of Year
Telecommunications Plant-Continued		
Non-Operating Plant		
Goodwill		835,678.36
Total Plant		67,390,698.07
Depreciation Reserve-Plant		49,759,280.45
Depreciation Reserve-Other		
Total Depreciation Reserve		49,759,280.45
Net Telecommunications Plant		17,631,417.62
Total Assets		21,922,110.99
Current and Accrued Liabilities		
Accounts Payable		1,518,125.36
Notes Payable-Affiliated		1,000,000.00
Advance Billings and Payments		218,333.02
Customer Deposits		277,544.29
Current Maturities-Long Term Debt		
Current Maturities-Capital Leases		
Income Taxes Accrued		(707,248.00)
Other Accrued Taxes		469,483.23
Other Accrued Liabilities		1,834,170.76
Other Current Liabilities		
Total Current and Accrued Liabilities		4,660,410.66
Other Liabilities and Deferred Credits		
Other Long Term Liabilities		
Premium on Long Term Debt		
Unamortized Operating Investment Tax Credits-Net		

Schedule #2- Balance Sheet-Continued

Description	G/L Accounts	Balance at Close of Year
Other Liabilities and Deferred Credits-Continued		
Unamortized Nonoperating Investment Tax Credits-Net		
Other Deferred Credits		84,835.00
Net Current Deferred Operating Income Taxes		
Net Current Deferred Nonoperating Income Taxes		
Net Noncurrent Deferred Operating Income Taxes		(32,000.00)
Net Noncurrent Deferred Nonoperating Income Taxes		
Other Jurisdictional Liabilities and Deferred Credits		
Total Other Liabilities and Other Credits		52,835.00
Long Term Debt		
Funded Debt		
Rescquired Debt		
Obligations Under Capital Leases		
Advances from Affiliated Companies		
Other Long Term Debt		
Total Long Term Debt		
Total Liabilities		
Stockholders Equity		
Capital Stock		3,000,000.00
Additional Paid in Capital		999,000.00
Treasury Stock		
Other Capital		
Retained Earnings		12,609,866.33
Total Stockholders Equity		17,208,866.33
Total Stockholders Equity and Liabilities		21,922,110.99

Schedule #3-Retained Earnings

Description	Debits	Credits
Retained Earnings Account		
Retained Earnings-Beginning of Year		13,193,482.36
Miscellaneous Debits to Retained Earnings		
Miscellaneous Credits to Retained Earnings		
Net Income or Loss From Operations		2,416,402.97
Retained Earnings-End of Year		
Appropriated Retained Earnings:		
Dividends Declared	3,000,000.00	
Other		
Unappropriated Retained Earnings:		
Jurisdictional Retained Earnings		
Other		
Retained Earnings-Total End of Year		12,609,885.33

Schedule #7-Access Lines

Total Business	<u>N/A</u>
Total Residence	<u>N/A</u>
Total Access Lines	<u>16,250</u>
Total Number of Customers	<u>N/A</u>
Total Wholesale Customers	<u>N/A</u>
Total Wholesale DSL Customers	<u>N/A</u>

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
PBT Telecom, Inc. and for Alternative Regulation)

DIRECT TESTIMONY OF

WARREN R. FISCHER, C.P.A.

ON BEHALF OF

TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC

EXHIBIT WRF-7

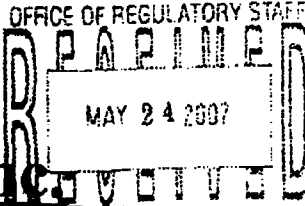
Cited Portions of PBT's 2006 Telecommunications Company Annual Report

TELECOMMUNICATIONS COMPANY ANNUAL REPORT

OF

PBT Telecom, Inc.

Exact Legal Name of Respondent



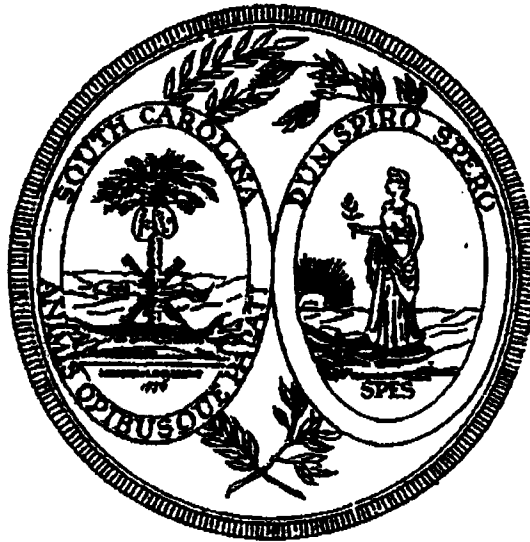
PSC/ORS Number (leave blank)

FOR THE YEAR ENDED 2006

☒ Calendar Year Ending December 31, 2006

or

☐ Fiscal Year Ending _____



LOCAL EXCHANGE CARRIER ANNUAL REPORT
Schedule #1-Operating Revenue & Expenses

Year Ending December 31, 2006

Operating Revenues:	Uniform System of Accounts	G/L Accounts	Combined	Intrastate
Local Network Service Revenues	5001-5069		5,117,755	
Network Access Service Revenues	5080		13,158,562	
Long Distance Revenues	5100-5189		N/A	
Miscellaneous Revenues	5230-5270		354,545	
Uncollectible Revenues	5301-5302		(42,093)	
Total Revenues			19,588,769	
Operating Expenses:				
Plant Specific Expenses	6112-6410		4,788,785	
Plant Nonspecific Expenses	6500		6,224,461	
Customer Operations Expenses	6620		1,958,063	
Corporate Operations Expenses	6711-6790		1,968,335	
Operating Taxes other than Income	7240		484,799	
Operating Investment Tax Credits-Net	7210			
Operating Taxes-Income-Current-Federal	7220		1,545,000	
Operating Taxes-Income-Current-State	7230		234,000	
Operating Taxes-Deferred Income-Net	7250			
Total Operations Expenses			17,203,443	
Net Income from Operations			2,395,326	
Interest Income	7320		N/A	
Nonoperating Income and Expenses	7310-7450		N/A	
Fixed Charges-(Other Than Interest on Debt)			N/A	
Interest Expense on Funded Debt	7510		N/A	
Non-regulated Net Income	7610-7991		N/A	
Extraordinary Items			N/A	
Net Income			2,395,326	

LOCAL EXCHANGE CARRIER ANNUAL REPORT
Schedule #2- Balance Sheet

Date of Balance Sheet: December 31, 2006

Description	G/L Accounts	Balance at Close of Year
Current Assets		
Cash		N/A
Temporary Investments		N/A
Telecommunications Accounts Receivables		N/A
Allowance for Bad Debts		N/A
Interest, Dividends & Other Accounts Receivable		N/A
Notes Receivable-Net		N/A
Materials & Supplies Inventory		N/A
Other Current Assets		N/A
Total Current Assets		N/A
Prepaid Accounts & Deferred Charges		
Prepays		N/A
Deferred Charges		N/A
Total Prepaid Accounts & Deferred Charges		N/A
Non-Current Assets		
Investments in Affiliated Companies		N/A
Investment in Non-Affiliated Companies		N/A
Non-Regulated Investments		N/A
Other Non-Current Assets		N/A
Total Non-Current Assets		N/A
Telecommunications Plant		
Telephone Plant in Service		N/A
Property Held for Future Use		N/A
Telecommunications Plant under Construction		N/A
Telecommunications Plant Adjustment		N/A

Schedule #2- Balance Sheet-Continued

Description	G/L Accounts	Balance at Close of Year
Telecommunications Plant-Continued		
Non-Operating Plant		N/A
Goodwill		N/A
Total Plant		N/A
Depreciation Reserve-Plant		N/A
Depreciation Reserve-Other		N/A
Total Depreciation Reserve		N/A
Net Telecommunications Plant		N/A
Total Assets		N/A
Current and Accrued Liabilities		
Accounts Payable		N/A
Notes Payable-Affiliated		N/A
Advance Billings and Payments		N/A
Customer Deposits		N/A
Current Maturities-Long Term Debt		N/A
Current Maturities-Capital Leases		N/A
Income Taxes Accrued		N/A
Other Accrued Taxes		N/A
Other Accrued Liabilities		N/A
Other Current Liabilities		N/A
Total Current and Accrued Liabilities		N/A
Other Liabilities and Deferred Credits		
Other Long Term Liabilities		N/A
Premium on Long Term Debt		N/A
Unamortized Operating Investment Tax Credits-Net		N/A

Schedule #2- Balance Sheet-Continued

Description	G/L Accounts	Balance at Close of Year
Other Liabilities and Deferred Credits-Continued		
Unamortized Nonoperating Investment Tax Credits-Net		N/A
Other Deferred Credits		N/A
Net Current Deferred Operating Income Taxes		N/A
Net Current Deferred Nonoperating Income Taxes		N/A
Net Noncurrent Deferred Operating Income Taxes		N/A
Net Noncurrent Deferred Nonoperating Income Taxes		N/A
Other Jurisdictional Liabilities and Deferred Credits		N/A
Total Other Liabilities and Other Credits		N/A
Long Term Debt		
Funded Debt		N/A
Reacquired Debt		N/A
Obligations Under Capital Leases		N/A
Advances from Affiliated Companies		N/A
Other Long Term Debt		N/A
Total Long Term Debt		N/A
Total Liabilities		N/A
Stockholders Equity		
Capital Stock		N/A
Additional Paid in Capital		N/A
Treasury Stock		N/A
Other Capital		N/A
Retained Earnings		N/A
Total Stockholders Equity		N/A
Total Stockholders Equity and Liabilities		N/A

Schedule #3-Retained Earnings

Description	Debits	Credits
Retained Earnings Account		N/A
Retained Earnings-Beginning of Year		N/A
Miscellaneous Debits to Retained Earnings		N/A
Miscellaneous Credits to Retained Earnings		N/A
Net Income or Loss From Operations		N/A
Retained Earnings-End of Year		N/A
Appropriated Retained Earnings:		N/A
Dividends Declared		N/A
Other		N/A
Unappropriated Retained Earnings:		N/A
Jurisdictional Retained Earnings		N/A
Other		N/A
Retained Earnings-Total End of Year		N/A

Schedule #7-Access Lines

Total Business	<u>N/A</u>
Total Residence	<u>N/A</u>
Total Access Lines	<u>15,841</u>
Total Number of Customers	<u>N/A</u>
Total Wholesale Customers	<u>N/A</u>
Total Wholesale DSL Customers	<u>N/A</u>

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-328-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
PBT Telecom, Inc. and for Alternative Regulation)

**DIRECT TESTIMONY OF
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-8
Cited Portions of AT&T South Carolina's 2007 Telecommunications Company Annual Report**

LOCAL EXCHANGE CARRIER ANNUAL REPORT
Schedule #1-Operating Revenue & Expenses

Year Ending December 31, 2007

Operating Revenues:	Uniform System of Accounts	G/L Accounts	Combined	Intrastate
Local Network Service Revenues	5001-5069	5000	474,968,464	474,968,464
Network Access Service Revenues	5080	5080	289,406,195	43,721,804
Long Distance Revenues	5100-5169	5100	21,914,109	21,662,309
Miscellaneous Revenues	5230-5270	5200	257,603,430	91,472,655
Uncollectible Revenues	5301-5302	5300	(13,633,008)	(8,544,589)
Total Revenues			1,030,259,190	623,300,643
Operating Expenses:				
Plant Specific Expenses	6112-6410	6112-6441	139,676,252	
Plant Nonspecific Expenses	6560	6511-6560	342,263,577	
Customer Operations Expenses	6610-6620	6611-6623	103,745,205	
Corporate Operations Expenses	6711-6790	6720-7100	83,980,679	
Operating Taxes other than Income	7240	7240	43,896,901	
Operating Investment Tax Credits-Net	7210	7210	(11)	
Operating Taxes-Income-Current-Federal	7220	7220	103,362,728	
Operating Taxes-Income-Current-State	7230	7230	11,843,793	
Operating Taxes-Deferred Income-Net	7250	7250	(7,273,526)	
Total Operations Expenses			826,496,498	
Net Income from Operations			203,763,692	
Interest Income	7320	7300.1200	37,638	
Nonoperating Income and Expenses	7310-7450	7300-7400 Less 7300.1200	(85,124,465)	
Fixed Charges-(Other Than Interest on Debt)		7500 Less 7500.1000	20,260,833	
Interest Expense on Funded Debt	7510	7500.1000	9,157,586	
Non-regulated Net Income	7610-7991	7600-7990	0	
Extraordinary Items				
Net Income			89,258,446	

LOCAL EXCHANGE CARRIER ANNUAL REPORT
Schedule #2- Balance Sheet

Date of Balance Sheet: December 31, 2007

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
Current Assets		
Cash	1120	0
Temporary Investments	1120.8000	0
Telecommunications Accounts Receivables (See End Note C)	1170	N/A
Allowance for Bad Debts (See End Note C)	1171	N/A
Interest, Dividends & Other Accounts Receivable (See End Note C)	1170.8200	N/A
Notes Receivable-Net (See End Note C)	1170.8100	N/A
Materials & Supplies Inventory	1220	5,055,919
Other Current Assets	1350	0
Total Current Assets		5,055,919
Prepaid Accounts & Deferred Charges		
Prepays	1280	0
Deferred Charges (See End Note B)	1437-1438	707,696
Total Prepaid Accounts & Deferred Charges		707,696
Non-Current Assets		
Investments in Affiliated Companies	1410.1000	0
Investment in Non-Affiliated Companies	1410.7000	0
Non-Regulated Investments	1406	0
Other Non-Current Assets	1410.0000	0
Total Non-Current Assets		0
Telecommunications Plant		
Telephone Plant in Service (See End Note E)	2001	4,238,524,119
Property Held for Future Use	2002	0
Telecommunications Plant under Construction	2003	2,065,772
Telecommunications Plant Adjustment (See End Note E)	2005	0

Schedule #2- Balance Sheet-Continued

Description	G/L Accounts	Balance at Close of Year
Telecommunications Plant-Continued		
Non-Operating Plant	2006	25,766
Goodwill	2007	0
Total Plant		4,240,615,657
Depreciation Reserve-Plant	3100	3,140,533,419
Depreciation Reserve-Other (See End Note E)	3200-3600	59,967,462
Total Depreciation Reserve		3,200,500,881
Net Telecommunications Plant		1,040,114,776
Total Assets		1,045,878,391
Current and Accrued Liabilities		
Accounts Payable (See End Note D)	4000.1000	N/A
Notes Payable-Affiliated	4000.2100	0
Advance Billings and Payments	4130.4000	29,213,787
Customer Deposits	4040	2,482,710
Current Maturities-Long Term Debt	4130.5100	0
Current Maturities-Capital Leases	4130.6000	0
Income Taxes Accrued	4070	173,627,492
Other Accrued Taxes	4080	39,718,593
Other Accrued Liabilities	4130.2900	(1,594,629)
Other Current Liabilities	4130 Less 4130.4000 Less 4130.2900	6,396,104
Total Current and Accrued Liabilities		249,844,057
Other Liabilities and Deferred Credits		
Other Long Term Liabilities (See End Note D)	4300	N/A
Premium on Long Term Debt	4200.2100	0
Unamortized Operating Investment Tax Credits-Net	4320	-

Schedule #2- Balance Sheet-Continued

Description	G/L Accounts	Balance at Close of Year
<u>Other Liabilities and Deferred Credits-Continued</u>		
Unamortized Nonoperating Investment Tax Credits-Net	4330	0
Other Deferred Credits (See End Note B)	4300.4300	174,855
Net Current Deferred Operating Income Taxes	4100	(475,487)
Net Current Deferred Nonoperating Income Taxes	4110	2,777,874
Net Noncurrent Deferred Operating Income Taxes	4340	197,842,433
Net Noncurrent Deferred Nonoperating Income Taxes	4350	(4,220,669)
Other Jurisdictional Liabilities and Deferred Credits	4370	0
Total Other Liabilities and Other Credits		196,095,996
<u>Long Term Debt</u>		
Funded Debt	4200.1000	0
Reacquired Debt	N/A	N/A
Obligations Under Capital Leases	4200.2300	0
Advances from Affiliated Companies	4200.3000	0
Other Long Term Debt	4200.2400	0
Total Long Term Debt		0
Total Liabilities		445,943,053
<u>Stockholders Equity</u>		
Capital Stock		0
Additional Paid in Capital		0
Treasury Stock		0
Other Capital		0
Headquarters Control	9999	699,936,338
Total Stockholders Equity		699,936,338
Total Stockholders Equity and Liabilities		1,045,879,391

Schedule #3-Retained Earnings

Description	Debits	Credits
Retained Earnings Account		
Retained Earnings-Beginning of Year		741,834,007
Miscellaneous Debits to Retained Earnings		
Miscellaneous Credits to Retained Earnings		
Net Income or Loss From Operations		89,258,446
Retained Earnings-End of Year		
Appropriated Retained Earnings:		
Dividends Declared		
Other		
Unappropriated Retained Earnings:		
Jurisdictional Retained Earnings		
Other	231,157,115	
Retained Earnings-Total End of Year		599,935,338

Schedule #7- South Carolina Local Access Lines

Total Business (See End Note F)	<u>339,754</u>
Total Residence (See End Note F)	<u>716,177</u>
Total Lifeline Access Lines (See End Note H)	<u>23,480</u>
Total Access Lines (See End Note F)	<u>1,079,411</u>
Total Number of Customers	<u>787,387</u>
Total Wholesale Customers (See End Note G)	<u>165</u>
Total Wholesale DSL Customers (See End Note G)	<u>16</u>